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EXAMINER

KANG, IRENE S

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1 UNITED STATES PATENT AND TRADEMARK OFFICE

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4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES
6

7
8 *Ex parte* DORI LASKIN, MICHAEL A. BRAY,
9 THOMAS J. CRESSWELL, DEANNA J. FLORES,
10 ANDREA A. GASSER, MARY H. PICHOLA, and
11 ROBERT P. SMITH
12

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14 Appeal 2009-011645
15 Application 10/709,360
16 Technology Center 3600
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19 Before MURRIEL E. CRAWFORD, ANTON W. FETTING, and
20 JOSEPH A. FISCHETTI, *Administrative Patent Judges*.
21 FETTING, *Administrative Patent Judge*.

22 DECISION ON APPEAL¹

¹ The two-month time period for filing an appeal or commencing a civil action, as recited in 37 C.F.R. § 1.304, or for filing a request for rehearing, as recited in 37 C.F.R. § 41.52, begins to run from the “MAIL DATE” (paper delivery mode) or the “NOTIFICATION DATE” (electronic delivery mode) shown on the PTOL-90A cover letter attached to this decision.

STATEMENT OF THE CASE²

Dori Laskin, Michael A. Bray, Thomas J. Cresswell, Deanna J. Flores, Andrea A. Gasser, Mary H. Pichola, and Robert P. Smith (Appellants) seek review under 35 U.S.C. § 134 (2002) of a final rejection of claims 1-44, the only claims pending in the application on appeal. We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

The Appellants invented a way of computing qualified dividend income (Specification ¶ 0009).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below [bracketed matter and some paragraphing added].

1. An automated computer-implemented apparatus for determining the personal qualified dividend income (QDI) of one or more investors for a selected time frame resulting from mutual fund dividend distributions made to accounts of the investors from one or more mutual funds, the apparatus comprising:

(a) a first electronic database that stores
account transaction history data
of the investors

² Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed February 4, 2009) and Reply Brief ("Reply Br.," filed May 19, 2009), and the Examiner's Answer ("Ans.," mailed April 28, 2009).

1 for each of the mutual funds;
2 (b) a second electronic database that stores
3 dividend distribution information
4 for each of the mutual funds and
5 information indicating
6 what percentage of dividend distributions
7 of each of the mutual funds
8 are QDI; and
9 (c) a QDI calculation engine
10 which receives and processes
11 the account transaction history data,
12 the dividend distribution information, and
13 the percentage of mutual fund dividend
14 distributions that are QDI
15 from the first and second electronic databases
16 to automatically determine in a computer
17 the personal QDI
18 for a selected time frame
19 for one or more of the investors,
20 the account transaction history data being used
21 to provide transaction data for a specific
22 investor and
23 to determine whether holding period
24 requirements are met for a specific investor.

25 The Examiner relies upon the following prior art:

Peterson	US 7,016,873 B1	Mar. 21, 2006
Morano	US 2004/0078271 A1	Apr. 22, 2004

1 Sheryl Eighner and Christopher Essig., *Dividend and Capital Gain*
2 *Changes Under the Jobs and Growth Tax Reconciliation Act (JGTRRA):*
3 *Adding Complexity for Investors*, 124 Personal Financial Services
4 Newsletter 6 (2003). (Heretofore, Eighner).

5 Claims 1-6, 8-14, 16-30, 32-37, and 39-44 stand rejected under 35
6 U.S.C. § 103(a) as unpatentable over Morano and Eighner.

7 Claims 7, 15, 31, and 38 stand rejected under 35 U.S.C. § 103(a) as
8 unpatentable over Morano, Eighner, and Peterson.

9 ISSUES

10 The issues of obviousness turn on whether it was predictable to automate
11 the calculation of personal qualified dividend income and whether one of
12 ordinary skill would have known how to do so from the details in the Jobs
13 and Growth Tax Relief Act of 2003.

14 FACTS PERTINENT TO THE ISSUES

15 The following enumerated Findings of Fact (FF) are believed to be
16 supported by a preponderance of the evidence.

17 *Facts Related to the Prior Art*

18 *Morano*

19 01. Morano is directed to an improved tax reporting system.

20 Morano ¶ 0004. Morano provides a solution to the many financial
21 institutions that process the tax reporting of taxable and non-
22 taxable distributions of investments held by financial institutions
23 on its own or its customer's behalf. Morano ¶ 0001.

Eighner

02. Eighner is directed to describing the benefits and requirements of the Jobs and Growth Tax Relief Act of 2003. Eighner 6.

03. Eighner describes the necessity for reporting of qualified dividend income (QDI) to achieve a 15% tax rate. Eighner 6.

04. Dividends from stock not held for at least 60 days are not personal qualified dividend income. Eighner 6.

Peterson

05. Peterson is directed to an investment system that makes investment recommendations. Peterson 1:65-67.

Facts related to the Appellants' Disclosure

06. It is estimated that 8-15% of accounts managed by mutual fund providers will have a personal QDI that differs from that reported on a 1099-DIV form. Specification ¶ 0007. This means that for 85-92% of such accounts, the 1099-DIV reports the personal QDI.

ANALYSIS

Claims 1-6, 8-14, 16-30, 32-37, and 39-44 rejected under 35 U.S.C. § 103(a) as unpatentable over Morano and Eighner.

The Appellants argue that neither one of the references describes the QDI calculations performed by the claimed QDI engine nor is there reason in the art for reporting personal QDI.

As to the calculations in the Specification, these are not recited in the claims. What is claimed in claim 1 is simply a collection of qualified

1 income data and account transaction data and a black box that computes
2 personal QDI.

3 While we agree that Eighner describes determining which dividend
4 income is QDI and how to translate that information to a tax return are
5 challenging as argued by the Appellants at Appeal Br. 13, neither of these
6 challenges refer directly to computing a personal QDI. The first challenge
7 described by Eighner is the legal challenge of properly classifying dividend
8 income as to whether it is qualified or non-qualified. The second challenge
9 refers to the implications of QDI calculations on other areas of a tax form,
10 such as capital gains and interest.

11 Neither of these challenges is solved by the disclosed invention. Rather
12 it is simply the determination of which QDI meets the requirements for
13 being personal to the recipient, primarily based on holding period
14 requirements. Since Eighner explicitly refers to this holding period
15 requirement (FF 04), the necessity for computing personal QDI was clear to
16 one of ordinary skill from Eighner.

17 This necessity answers the argument regarding reason to report personal
18 QDI, *viz.* the calculation was required. While there may not have been a
19 requirement for the reporting financial institution to perform that calculation,
20 since one of ordinary skill knew someone had to compute it, it was
21 predictable to such a person of ordinary skill for the institution that collected
22 all the transactional data needed for the computation to actually perform the
23 computation as a service. As to the argument that no structural engine is
24 shown by Eighner, again no structure is shown in claim 1; it is generally
25 obvious to automate a known manual procedure or mechanical device.

1 *Leapfrog Enterprises Inc. v. Fisher-Price Inc.*, 485 F.3d 1157, 1163 (Fed.
2 Cir. 2007).

3 The Appellants separately argue claims 22 and 43 which further recite
4 automatically comparing in the computer the personal QDI and the QDI on
5 the Form 1099- DIV, and generating personal QDI information in the
6 computer for only the mutual fund investors that have personal QDI that is
7 less than the QDI on the Form 1099-DIV. The Examiner found that Morano
8 described this. Ans. 13-14. The Appellants argue that Morano does not
9 describe this. Appeal Br. 14-16.

10 We agree with the Appellants that the Examiner's findings are factually
11 in error. The portions cited by the Examiner refer to reporting income
12 generally, but make no mention at all of making the comparison and
13 selective reporting of the limitations in dispute. The Examiner chose not to
14 respond to the Appellants' arguments in the Answer.

15 The remaining claims are argued on the basis of claim 1 and fall with
16 claim 1.

17 **CONCLUSIONS OF LAW**

18 Rejecting claims 1-6, 8-14, 16-21, 23-30, 32-37, 39-42, and 44 under 35
19 U.S.C. § 103(a) as unpatentable over Morano and Eighner is not in error.

20 Rejecting claims 23 and 44 under 35 U.S.C. § 103(a) as unpatentable
21 over Morano and Eighner is in error.

22 Rejecting claims 7, 15, 31, and 38 under 35 U.S.C. § 103(a) as
23 unpatentable over Morano, Eighner, and Peterson is not in error.

DECISION

To summarize, our decision is as follows.

- The rejection of claims 1-6, 8-14, 16-21, 23-30, 32-37, 39-42, and 44 under 35 U.S.C. § 103(a) as unpatentable over Morano and Eighner is sustained.
- The rejection of claims 22 and 43 under 35 U.S.C. § 103(a) as unpatentable over Morano and Eighner is not sustained.
- The rejection of claims 7, 15, 31, and 38 under 35 U.S.C. § 103(a) as unpatentable over Morano, Eighner, and Peterson is sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED IN PART

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